



DEPARTMENT OF STATE

Washington, D C. 20520


December 21, 1981

~~SECRET/SENSITIVE~~

MEMORANDUM FOR MR. JAMES W. NANCE
THE WHITE HOUSE

Subject: Discussion Paper for NSC Meeting

Attached is a paper for discussion at this morning's
NSC meeting.


L. Paul Bremer, III
Executive Secretary

Attachment:

Discussion Paper

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RDS-1,3 12/21/01

Revised 12/20/81

SECRETU.S./Allied Responses to Developments in Poland

In order to prevent further deterioration in Poland, establish the conditions for reconciliation which would preserve the gains and prospects of reform, and deter the Soviet Union from further interference, we are confronted with the necessity to begin now to make difficult choices vis-a-vis both Warsaw and Moscow. These actions would be taken unilaterally as well as within NATO and with other key nations.

Our objectives should be (1) to forestall further deterioration in Poland, and to keep the situation reversible and reconcilable; and (2) to put the Soviets on notice that we hold them accountable for Poland and that their complicity has costs. In pursuing these objectives, we should bear in mind the need (1) while taking actions against the USSR/Poland, to keep some measures in reserve as deterrence should the situation worsen or the Soviets intervene physically; and (2) to prevent a split in the West of the kind that took place after the invasion of Afghanistan. If our decisions even on purely national actions are to achieve their objectives, we must bring the Allies with us.

The following list summarizes actions which already have been taken and additional steps which we should now consider:

A. ACTIONS ALREADY TAKEN (in NSC memorandum to the President of December 19)

We have:

- 1) suspended shipment of remaining 6,000 tons of surplus dairy products to Poland;
- 2) suspended renewal of export insurance for Poland;
- 3) activated international organizations (UN SYG, UNHRC, ILO) to weigh in on human rights questions;

We have also decided, for the present:

- 1) to go ahead with humanitarian food aid for Poland provided we get guarantees from the Polish authorities that we can monitor distribution;

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2) not to invoke the "exceptional circumstances" clause of the 1981 Polish debt agreement at this time;

3) not to hold up the International Harvester license for exports to the Soviet Union;

B. OTHER ACTIONS WHICH COULD BE TAKEN WITHIN A MATTER OF DAYS, pending consultation with the Allies/further consideration on our part (some of these measures are referred to in NSC memorandum to the President of December 19)

Vis-a-Vis Poland

1) Suspend Polish request for IMF membership.

2) Establish the "no exceptions" policy for Poland to COMCON.

3) Reconsider allowing Polish fishing fleet access to U.S. waters.

4) Presidential letter to Jaruzelski

5) Advise banks that we are not invoking the "exceptional circumstances" clause, and thus are not seeking a default situation.

6) Seek Papal visit to Warsaw.

Vis-a-Vis the Soviet Union/others

1) Letter to Brezhnev making clear that we hold the USSR accountable for its obvious role in Polish situation and that we are reviewing entire relationship accordingly.

2) Inform Soviets that January 26-28 Haig-Gromyko meeting is under review in light of Polish developments.

3) Briefly but publicly recall Ambassador Hartman for consultations/

4) Suspend negotiations on a new maritime agreement and impose strict port access regime when current agreement expires December 31.

5) Refuse to set a new date for talks on a long-term grain agreement.

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- 6) Seek rapid ratification in NATO capitals of Spanish Alliance membership.
- 7) Suspend Aeroflot flights to the U.S.
- 8) Work with the Allies to seek a halt to the export of oil and gas equipment to the Soviet Union.
- 9) Reconsider the International Harvester license for sale of combine technology (the license has already been issued).
- 10) Reconsider issuance of an export license to Caterpillar for 200 pipelayers.
- 11) Add Polish situation to our arguments for a major tightening of COCOM controls on exports to the Soviet Union.
- 12) High-level trip to consult with Allies, Japanese, Chinese.
- 13) Call for UNSC/UNGA action.
- 14) Warn other Warsaw Pact countries.

C. ADDITIONAL ALLIANCE STEPS WE SHOULD BEGIN NOW TO CONSIDER

Some of the steps listed above are included in the "menu" of sanctions approved in NATO for consideration in the event of massive Soviet intervention in Poland. The following list contains all remaining elements of the NATO-agreed package; they are directed fundamentally at the Soviet Union. It should be noted that, while our position has been that all of these measures should be adopted if circumstances dictate, the Allies have agreed only to their inclusion as elements of a "menu" from which choices would be made. It clearly will be no easy matter, even in the event of Soviet invasion, to get Allied unanimity on the tougher measures.

Political Measures

- 1) Hold emergency NATO Foreign Ministers meeting.
- 2) Call for emergency UNSC meeting and, if appropriate, a meeting of the General Assembly.

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3) Postpone resumption of Madrid CSCE meeting (and/or call for emergency CSCE meeting on Poland -- this variant has not been discussed in NATO)

4) Make protest demonstrations where and as appropriate.

5) Conduct extensive campaign of public condemnation.

6) Recall of ambassadors for consultations.

7) Postpone resumption of INF negotiations, now set for January '82 (this is technically a U.S. unilateral action which requires Allied support).

8) Suspend MBFR negotiations.

9) Suspend all exchanges of high level visits with Warsaw Pact states participating in repression or intervention in Poland.

10) Impose additional restrictions on Soviet and other participating Warsaw Pact embassies and organizations, including limits on travel and staff (i.e., perhaps impose equal ceilings).

11) Suspend major cultural, academic, scientific and athletic exchanges and events and, if applicable and necessary, the execution of cultural agreements.

Economic Measures

1) Embargo on exports to the Soviet Union affecting all new contracts for exports.

2) Denial of new official credits, credit guarantees and credit insurance for exports to the Soviet Union.

3) Restrictions on Soviet commercial aviation to and from other Allied countries.

4) Restrictions on Soviet use of Allied ports and of Allied use of the Trans-Siberian land bridge.

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5) Commitment to accelerate review of proposals to tighten long-term COCOM restrictions on technology transfer to the Soviet Union.

6) Reduction of Soviet non-diplomatic, commercial presentation.

7) Suspension of participation in Siberian natural gas project.

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

December 19, 1981

SECRETPoland

The discussion this morning will be broken down into three parts. You will be requested to make decisions on the following points:

I. Rescheduling Polish Debt

A. Should the U.S. invoke the "exceptional circumstances" clause of the 1981 debt agreement? "Exceptional circumstances" is having a country refuse to give an extension on credit owed them.

B. Assuming the U.S. commercial banks are not paid, should the U.S. government communicate to the banks its desire not to have default proceedings at this time.

1. Contact leading banks and express U.S. desire to negotiate.

2. Contact leading banks and indicate U.S. government not invoking "exceptional circumstances".

II. Food Aid to Poland

A. Last April we sold \$71 million worth of dried milk and butter to Poland. Approximately 10% has not been delivered. Should that be stopped?

B. CARE has a program to distribute tens of thousands of CARE packages to the elderly and infirm. Should we hold up shipments on this until we have guarantees that we can monitor its distribution?

III. Economic MeasuresAgainst Poland

A. Take action to suspend Polish request for membership in IMF.

B. Reconsider allowing Polish fishing fleet access to U.S. waters.

C. Seek Allies' agreement as a "no exception" policy for Poland in COCOM.

D. Suspend renewal of export insurance for Poland by The Ex-Im Bank.

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REVIEW ON DECEMBER 19, 1987
CLASSIFIED BY ADMIRAL NANCE

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Against USSR

- A. Suspend negotiations indefinitely as a maritime agreement.
 - B. Refuse to set a new date for talks or a long-term grain agreement.
 - C. Encourage Western banks not to lend \$200 million Soviets now want to borrow.
 - D. Add the Polish situation to our arguments for a major tightening of COCOM controls in exports to the Soviets.
 - E. Work with our Allies to seek a halt to the export of oil and gas equipment to the Soviets.
 - F. Reconsider the International Harvester and Caterpillar export licenses.
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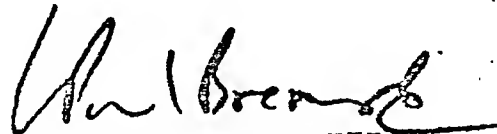
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